

Chapter 10:

Developing a Global Management Cadre

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Chapter Learning Goals

1. **Emphasize the critical role of expatriates in managing in host subsidiaries and in transferring knowledge to and from host operations.**
2. **Acknowledge the importance of international assignments in developing top managers with global experience and perspectives.**
3. **Recognize the need to design programs for the careful preparation, adaptation, and repatriation of the expatriates and any accompanying family, as well as programs for career management and retention.**



Chapter Learning Goals

- 4. Become familiar with the use of global management teams to coordinate cross-border business.**
- 5. Recognize the varying roles of women around the world in international management.**
- 6. Understand the variations in host-country labor relations systems and the impact on the manager's job and effectiveness.**



Opening Profile: The Expat Life

- What is it like to take an assignment abroad?
- Would you like to be an “expat” (expatriate)?
- Is it an adventure or a hardship?
- Experiences of those who have done a stint abroad are mixed.
- Experiences vary by job type, and especially by location.



Essentials of IHRM

Maximize long-term retention and use of international cadre through career management to develop a top-management team with global experience.

Develop effective global management teams.

Understand value, and promote the role of women in international management to maximize those underutilized resources.

Work with the host-country labor relations systems to help implementation and employee productivity.



Expatriate Career Management

**Preparation,
adaptation,
and
repatriation**

**The role of
the
expatriate
spouse**

**Expatriate
retention**



Preparation, Adaptation, and Repatriation

Reverse
culture
shock occurs
because

- Reintegration is difficult
- Expatriates are often “out of sight, out of mind”
- Feelings of alienation from “home”



Poor
management
of
expatriates

- Means fewer will be willing to take assignments

Elements of Successful Repatriation Programs

Mentor
programs

A system for
maintaining
contact with
expatriates

Career
planning and
guidance
units



The Role of Expatriate Spouse

Employment status

- 60 percent of expatriate spouses are employed before the assignment, but only 21 percent are employed during the assignment.



Spouse adjustment more likely when:

- The firm seeks the spouse's opinion.
- The spouse initiates predeparture training.

The Expatriate Transition Process

- Exit from the home country
- Entry to the host country
 - Entry transition
 - Adjustment (adaptation)
 - Exit transition
- Entry back to the home country
 - Entry transition
 - Adjustment



Expatriates: “Handle with Care”?

Expatriates are highly marketable and receive more attractive offers from other employers.

Overseas compensation packages are more generous than those at home.

Expatriates feel unappreciated at home and on assignment.



The Role of Repatriation in Developing a Global Cadre

Successful expatriates acquire skills:

- Managerial skills
- Tolerance for ambiguity
- Multiple perspectives
- Ability to work with and manage others
- Ability to do business overseas

Leading companies

- Booz, Allen, Hamilton's KOL intranet

Booz | Allen | Hamilton

Best practices:

- Focus on knowledge creation/leadership development
- Use assignees with high technical *and* cross-cultural skills
- Have a deliberate repatriation process



Global Management Teams: The Effects of Multicultural Teams

Domestic:

Mostly internal
operations

International:

Relationships
among buyers,
sellers, and other
intermediaries

Multinational:

Internal, across
culturally diverse
managers and
technical people



Operational Challenges for Global Virtual Teams

Geographic dispersal: the complexity of scheduling communications across multiple time zones, holidays, and so on

Cultural differences: variations in attitudes and expectations

Virtual Teams' Challenges

Language and communication: translation difficulties, variations in accents, semantics, and so on

Technology: variations in availability, speed, acceptability, and so on



Virtual Teams' Future Needs

- How to lead a virtual team meeting
- How to coach and mentor virtually
- How to monitor team progress
- How to use communication technologies
- How to manage team boundaries



Managing Transnational Teams



Tasks for Global Business Teams

- Cultivating trust among members
- Overcoming communication barriers
- Aligning goals of individual team members
- Obtaining clarity regarding team objectives
- Ensuring that the team possesses necessary knowledge and skills



Management Techniques to Deal with the Cross-Cultural Collaboration Challenges



**Draw upon individual tolerance
and self-control**

**Trial-and-error processes
coupled with personal
relationships**

Setting up transnational cultures

Management Focus: The Role of Women in International Management

- **Indra Nooyi—CEO, Pepsi**



- **Soha Nashaat**

Head of Barclays Bank, Middle East



Management Focus: The Role of Women in International Management

Women are increasingly making their way into the international management cadre.

Different opportunities for women may reflect the cultural expectations of the host countries.

In Spain and Italy, top boardrooms remain almost exclusively male.

Women occupy 22 percent of board seats in Norway and 20 percent in Sweden.



Management Focus: The Role of Women in International Management

North American women working as expatriate managers in countries around the world showed that they are—for most part—successful.

Women and minorities represent a significant resource for overseas assignments—whether as expatriates or as host-country nationals.



The Role of Women in International Management: Japan



- By tradition women are hired primarily for clerical tasks and tea serving; they are known as “office ladies”.
- Could expanding women’s roles help end Japan’s 13-year economic slump?
- Women’s lack of participation may shave .6 percent off annual growth.
- Average profits are higher in companies comprised of 40 to 50 percent women.
- Population decline could cause huge labor shortages.
- Women are often illegally dismissed for pregnancy.
- Government officials complain declining birth rates are due to the over-education of women.
- Women say the problem is lack of day care and very long working hours.

Working Within Local Labor Relations Systems

**The Impact of
Unions on
Business**

**Organized Labor
Around the
World**

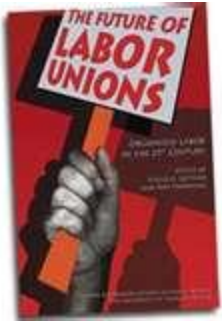
**Convergence
Versus
Divergence in
Labor Systems**

**Adapting to
Local Industrial
Relations systems**

**The NAFTA and
Labor Relations
in Mexico**



The Impact of Unions on Business



Labor Relations and Collective Bargaining

- The process through which managers and workers determine their workplace relationship

Three Dimensions to Consider

- The participation of labor in firm affairs
- The role and impact of unions
- Human resource policies

Labor Relations Constraints

- Wage levels set by unions
- Limits on the firm's ability to vary employment levels
- Limitations on the global integration of operations

Organized Labor Around the world



Union membership is in decline.

Industrial, craft, conglomerate, and general unions

Labor unions must be understood within their given contextual environment.

Labor Systems

Convergence in Labor systems

- Forces for convergence:
 - Merger of ICFTU and WCL
 - MNC desire for consistency and coordination
 - Increased monitoring of labor conditions
 - Political and cultural shifts

Divergence in Labor systems

- Most MNCs still adapt practices to national traditions
- The role of political ideology, overall social structure, and history of industrial practices

Adapting to Local Industrial Relations Systems



Considerable pressure for MNCs to adapt their practices largely to the traditions of national industrial relations systems

MNCCs are subject to local and country regulations and practices.

Considerable gap exists between the labor laws and the enforcement of those laws—in particular in less developed countries

NAFTA and Labor Relations in Mexico



Labor issues subject to review under NAFTA:

Minimum wages, child labor, and safety



Workers believe MNCs use blacklists, intimidation, and economic pressure to oppose union organization.

Example:
General Electric

Comparative Management in Focus: Labor Relations in Germany

- Codetermination law (mitbestimmung) is coming under pressure.
 - Union works councils are “co-managers”.
 - German unions are increasingly willing to make concessions.
 - The influence of Daimler-Chrysler and the United States
- The German model holds that competition should not be based on cost.
 - What is the value of codetermination?

